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MEMORANDUM FOR DISTRIBUTION

FROM: Deborah Wolf /s/
Director, Privacy, Information Protection & Data Security

SUBJECT: Identity Theft Input Procedures for TC 971 Action Code 501
and TC 971 Action Code 506 (effective January 1, 2009)

The IRS has been proactive in addressing identity theft issues by implementing identity theft indicators to track identity theft incidents that are reported by taxpayers and present an impact to tax administration. Transaction Code 971 Action Code 501 (TC971 AC501) was implemented in January 2008 and Transaction Code 971 Action Code 506 (TC971 AC506) was implemented in October 2008. Procedures for both indicators have been updated, effective January 1, 2009, and are outlined herein.

As of January 1, 2009, several changes were effective regarding the input of the Transaction Code 971 Action Code 501:

1. On the FRM77 input screen, when inputting the required identity theft indicator information, please note the following changes:
 - a. On line 3, - TRANS-DT> This field will be automatically auto-populated with the input date.
 - b. On line 7, - SECONDARY-DT> Enter the tax year at issue (tax year affected by the identity theft) as MMDDYYYY where YYYY reflects the tax year in question, e.g., 12312005. This date must not be later than the current date.
2. The BOD/Function is the first data element in the "MISC" field used to identify the Business Operating Division:
 - a. The BOD/Function abbreviation and description previously shown as "MASS" (described as "Mission Assurance & Security Services") has been replaced with "MITS" as the BOD/Function abbreviation and

description now being "Modernization & Information Technology Services"; and

- b. A new BOD/Function abbreviation has been added – "PPDS." The accompanying description is "Office of Privacy, Information Protection and Data Security."
3. The Program Name is the second data element in the "MISC" field used to identify the Business Unit:
 - a. Program Name abbreviation is "CSIRC", description "Computer Security Incident Response Center";
 - b. Program Name abbreviation is "CONGINQ", description "Congressional Inquiry";
 - c. Program Name abbreviation is "OPIP", description "Office of Privacy and Information Protection"; and
 - d. BOD/Function abbreviation "WI", program name changed from "FATDI" to "FA", with corresponding description being "Field Assistance".
4. The Tax Administration Source is the third data element in the "MISC" field used to identify the source of the tax. There are now six possible values that can be entered in the BOD/Function section of the "MISC" field ("INCOME", "MULTFL", "INCMUL", "NOFR", "ALTRD", or "OTHER").
5. The allowable abbreviations of the Tax Administration Source for the "MISC" field for the TC971 AC501 are described in the table below, with the changes highlighted in yellow:

Tax Admin Source Abbreviation	Description
INCOME	Identity theft identified and substantiated due to an underreporting of income.
MULTFL (Multiple File)	Identity theft identified and substantiated due to two or more tax returns filed by multiple individuals using the same number.
INCMUL	Identity theft identified and substantiated due to both underreporting of income and multiple filings.
NOFR	Identity theft identified and substantiated due to the victim (rightful taxpayer) not having a filing requirement.
ALTRD	Identity theft identified and substantiated due to a victim's return being wrongfully altered to steal all or a portion of the refund.
OTHER	Identity theft which cannot be identified as related to any existing Tax Administration Source Types.

As of January 1, 2009, several changes were effective regarding the input of the Transaction Code 971 Action Code 506:

1. The "MISC" field for the TC971 AC506 is expanded to allow for input of the Tax Administration Source. This "MISC" field contains the following components:

- BOD
- Program Name
- Tax Administration Source

TC971 AC506 MISC Field Layout															
BOD				Program Name								Tax Administration Source			

2. The following permutations of the "MISC" field for the TC971 AC506 reflects new tax administration source values. An accompanying definition is also shown in the table below to describe each tax administration source:

Definition	Value Input into MISC Field		
	BOD / Function	Program Name	Tax Admin Source
Input on <i>true SSN owner's account</i> when a non-legitimate unpostable return with UPC147 has been filed using the taxpayer's SSN as identified and determined by Submission Processing (SP) (Input limited and reserved for use by SP)	WI	SP	UPCMUL
Input on the <i>identified IRSN</i> corresponding to the non-legitimate unpostable return with UPC147 as identified and determined by Submission Processing (Input limited and reserved for use by SP)	WI	SP	UPC147
Input on true SSN owner's account per updated Scrambled SSN-related research procedures (Input limited and reserved for use by Accounts Management)	WI	AM	MULTFL *
Other identity theft-related incident, impacting tax administration identified and substantiated by W&I Accounts Management (Input limited and reserved for use by Accounts Management)	WI	AM	OTHER

* Accounts Management temporarily used "CI OTHER" for this category of taxpayer. This tax administration source value was systemically converted to "WI AM MULTFL" on January 1, 2009. Additionally, any "CI OTHER" input by Account Management after January 1, 2009, does not need to be reversed or re-input using the "WI AM MULTFL" tax administration source.

TC972 AC506 Data Input Requirements (Reversal of TC971 AC506) - Reversal of the TC971 AC506 may be necessary. Reasons and values are as follows:

Reason	Description	Abbreviation for Entry
Taxpayer Request	The taxpayer requests the 971 be negated. The taxpayer may feel that the issue has been resolved or it is no longer needed and is impacting them negatively.	TPRQ
Keying or Internal Mistake	The 971 was due to a typographical mistake or another internal mistake and should be negated.	IRSERR
Internally Identified Negative Impact	The 971 is causing a negative impact on another internal process or system, and should be negated to discontinue the negative impact.	IRSADM
False Identity Theft Claim	The original identity theft incident claim was determined to be fraudulent.	FALSE
Other	The reason for the 971 reversal does not meet any of the reason descriptions above.	OTHER

There may be more than one TC971 AC506 on an entity. The TC972 AC506 will reverse the TC971 AC506 based on the two factors listed below:

- The date manually entered in to the TC972 AC506 "TRANS-DT" matches the TC971 AC506 "TRANS-DT"; and
- The tax year manually entered in to TC972 AC506 "SECONDARY-DT" matches the TC971 AC506 "SECONDARY-DT".

Both factors are required to post the TC972 AC506 and reverse the TC971 AC506.

If you have questions about this guidance, please contact Joe O'Leska, Deputy Director of the Office of Identity Protection & Incident Management, at (202) 622-4405, or Erick Patterson at (202) 283-5131.

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